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DEPT PLEASE PASS TO USTR FOR C. MORROW AND P. BURKHEAD

E.O. 12958: N/A

TAGS: ECON ETRA EINV EIND AJ
SUBJECT: AZERBAIJAN: WTO DEFIANCE CONTINUES; A LITTLE MORE
PATIENCE NEEDED

REF: A) STATE 115248 B) GENEVA 670 C) BAKU 635 D)
BAKU 696 E) BAKU 732

¶1. (SBU) Embassy delivered Ref A WTO demarche to Deputy Minister of Foreign Affairs Mahmoud Mammadguliyev on November 25, 2009, outlining U.S. Government questions and comments from the last Working Party meeting and copies of U.S. bilateral presentations on market access. USTR had previously described Azerbaijan's negotiating tactics in Geneva (Ref B) as "defiance," and much of that tone continued in our November 25 meeting with Mammadguliyev. The Deputy Foreign Minister, who leads Azerbaijan's accession negotiations, spent 30 minutes at the outset reiterating the GOAJ's positions on developing country status and market access, and he did not permit interruption. Mammadguliyev, upon receiving the USTR letter, said "we will continue our negotiations, and try to persuade, and present our arguments to USTR."

¶2. (SBU) Econoff asked Mammadguliyev if the GOAJ might consider compromising on its positions rather than continuing to make the same arguments with repeated "persuasion." Mammadguliyev was unyielding but insisted Azerbaijan's interest in WTO accession was genuine. "We are serious," he said. "If we were not serious, we would pull our application. I think USTR is experienced with countries who meet all the U.S. demands right away. But we want to be more serious on this effort, and that takes time."

¶3. (SBU) COMMENT: Embassy previously recommended (ref E) that USTR wait and see what Azerbaijan puts in its factual summary and its revised market access offers (which Mammadguliyev said would be ready by mid-December) before making a decision on continued talks with Azerbaijan. We repeat that recommendation. We believe it is possible - but unlikely - that their offers will be substantially improved. On the other hand, if improvement is negligible or non-existent, it may be useful for USTR at that time to advise the GOAJ that their application has been made dormant. Such news from Washington would be a make-or-break moment for the GOAJ: either shock would ensue and they would quickly respond with a better offer, or the GOAJ would walk away, allowing USTR to re-direct its energies toward more promising applicants. The message might also force a political level decision in Azerbaijan on WTO accession -- something that at this point is still lacking in Baku. End Comment.
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